LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6981 | **NOTE PREPARED:** Apr 25, 2013
BILL NUMBER: SB 530 | **BILL AMENDED:** Apr 25, 2013

SUBJECT: Schedule for Electronic Benefits Transfers.

FIRST AUTHOR: Sen. Kenley | **BILL STATUS:** Enrolled
FIRST SPONSOR: Rep. Frizzell

FUNDS AFFECTED: X GENERAL | **IMPACT:** State
DEDICATED
X FEDERAL

Summary of Legislation: This bill requires the Division of Family Resources (DFR) to, beginning January 1, 2014, implement a schedule for the distribution of Supplemental Nutrition Assistance Program (SNAP) benefits from the fifth through the twenty-third day of each month.

The bill also requires the Legislative Council to assign during the 2013 legislative interim the study of whether Indiana should require the following concerning the SNAP program: (1) a photograph of the SNAP recipient on the recipient's electronic benefits transfer (EBT) card; (2) placement of a SNAP recipient's photograph on the recipient's EBT card; and (3) distribution of SNAP benefits on a bimonthly basis.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary*: Revising the SNAP benefit distribution schedule will increase administrative costs of the DFR to (1) make system changes for a new distribution schedule, (2) provide staff education and training, and (3) provide outreach materials to inform the public regarding the change in benefit distribution. The Family and Social Services Administration (FSSA) reports this bill could increase net state expenditures by a total of $135,000. Actual increases in state expenditures will depend on which expenses would be considered approved "administrative" expenses reimbursable under the SNAP program.

In the fall of 2012, Georgia and North Carolina revised their SNAP benefit disbursement schedules, incurring costs of $250,000 (Georgia) and $450,000 (North Carolina). Both states report receiving federal reimbursement for 50% of the total costs of these changes. If the FSSA were to experience similar costs, net state expenditures could increase between $125,000 and $225,000.

The bill also requires the Legislative Council to assign the study of the following topics during the 2013 interim; (1) placing a photo of a SNAP recipient on benefit cards, (2) requiring SNAP recipients to show photo identification when using SNAP benefits, and (3) whether Indiana should seek approval to allow SNAP benefit disbursements on a bimonthly basis. Additional costs could occur if per diem and travel expenditures are paid for an additional meeting that would not have otherwise occurred. However, total expenditures for the interim must be within the committee's budget.

Additional Information:

Federal Guidance: The USDA provided a letter to all states clarifying support for staggering SNAP benefits throughout the month. Additionally, the USDA advised that states have the authority to stagger SNAP payments over the entire month as long as no participant goes longer than 40 days between benefit issuance days.

This bill requires the Division of Family Resources to evenly distribute SNAP benefits to benefit recipients. Under the current benefit distribution schedule, recipients receive SNAP benefits within the first 10 days of the month. The bill would require DFR to stretch the benefit distribution schedule for 19 days starting on the fifth day of the month.

In order to maintain compliance with federal requirements, the bill allows DFR to issue prorated payments during the first month of implementation, although it is not known if the DFR will elect to do this.

Multiple-Issuance Waiver: Federal law prohibits multiple issuances of SNAP benefits in a single month to benefit recipients. The federal government has made exceptions to this prohibition for states that implement a longer SNAP distribution schedule, but only in the first month of implementing the longer SNAP distribution schedule.

Expenses of Implementing a Revised Distribution Schedule: In order to implement a revised SNAP benefit distribution schedule, DFR reports the agency will be required to (1) make computer system changes, (2) educate DFR staff on the changes, and (3) provide outreach to inform SNAP recipients of the changes.

The FSSA reports implementing the provisions of the bill will cost approximately $270,000, of which half of these expenses could be reimbursed by the federal government. As a result, the estimated increase in net state expenditures could be approximately $135,000.

State Comparison: Georgia, North Carolina, Tennessee, and Virginia have recently expanded their SNAP distribution schedules; however, no state currently has a distribution schedule that exceeds 20 days.

Georgia previously utilized a 10-day disbursement schedule, which was changed to a 19-day schedule in September 2012. During the first two months of implementation, SNAP recipients received a reduced August benefit payment on the recipient's normal distribution date, a second payment in August on the recipient's new distribution date (the remainder of the recipient's August benefit payment), and a regular September benefit payment on the recipient's new benefit distribution date.

Georgia instituted an outreach campaign to inform SNAP recipients of the new distribution schedule. Outreach included fliers, updates to the state website, and coordination of the disbursement of educational materials. The costs of increasing the distribution schedule were reported to be approximately $250,000 in the first year of implementation, of which 50% was reimbursed by the federal government.

Additionally, the state of North Carolina changed it's SNAP disbursement schedule from 10 days to 19 days. The reported costs of the transition were approximately $450,000, of which half was reimbursed by the federal government.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR.

Local Agencies Affected:

Information Sources: Christina Hage, FSSA; Lisa Marie Shekell, Georgia Department of Human Services, (404) 657-1390; Cathy Krieger, Georgia Department of Human Services, (404) 657-7696; Jessica Shahin, USDA.

Fiscal Analyst: Bill Brumbach, 232-9559.